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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

TRADE AND DEVELOPMENT BOARD

Thirty-seventh session, first part

OFFICIAL RECORDS
Supplement No. 4

Report of the Special Committee on Preferences

on its seventeenth session (14-22 May 1990)

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New York, 1990**

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NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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For the recommendations, resolutions, declarations and decisions adopted by the United Nations Conference on Trade and Development, see:

First session: *Proceedings of the United Nations Conference on Trade and Development*, vol. I, *Final Act and Report* (United Nations publication, Sales No. 64.II.B.11), pp. 18-65;

Second session: *Proceedings of the United Nations Conference on Trade and Development, Second Session*, vol. I and Corr.1 and 3 and Add.1 and 2, *Report and Annexes* (United Nations publication, Sales No. E.68.II.D.14), annex I, A, pp. 28-58;

Third session: *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.73.II.D.4), annex I, A, pp. 53-114;

Fourth session: *Proceedings of the United Nations Conference on Trade and Development, Fourth Session*, vol. I and Corr.1, *Report and Annexes* (United Nations publication, Sales No. E.76.II.D.10), part one, sect. A, pp. 6-43;

Fifth session: *Proceedings of the United Nations Conference on Trade and Development, Fifth Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.79.II.D.14), part one, sect. A, pp. 6-50;

Sixth session: *Proceedings of the United Nations Conference on Trade and Development, Sixth Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.83.II.D.6), part one, sect. A, pp. 6-40;

Seventh session: *Proceedings of the United Nations Conference on Trade and Development, Seventh Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.88.II.D.1), part one, sect. A, pp. 6-27.

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INTRODUCTION

1. The seventeenth session of the Special Committee on Preferences was held from 14 to 22 May 1990. In the course of its session, the Special Committee held eight plenary meetings (157th-164th). Private and confidential informal plurilateral consultations were also held on individual schemes.

2. This report gives an account of the deliberations in plenary meetings, as well as in the Sessional Committee of the Whole established to consider and report on agenda item 4 (harmonization and improvement of the rules of origin).

Introductory statements

3. The Chairman said that the seventeenth session of the Special Committee on Preferences was of special significance, since it would provide the occasion for the second comprehensive review of the generalized system of preferences (GSP). That review would involve not only examining the experience of the last decade and identifying the advantages and shortcomings of the system, but also looking ahead to the operation of the system in the 1990s. It was to be hoped that the work of the Special Committee would contribute to the attainment of the goals of the GSP.

4. The Secretary-General of UNCTAD said that the GSP was an outstanding example of what could be achieved by multilateral negotiations on concrete issues of benefit to developing countries. It had played a positive role in contributing to industrialization, increased export earnings and growth. This had been especially the case for some individual developing countries in their efforts to expand exports as an important instrument of their development strategy.

5. In a trading system based on reciprocity, preferential arrangements were essential to ensure a balanced spread of benefits to all parties. The GSP had been established to assist weaker trading partners in overcoming their handicaps as regards their supply capabilities in manufacturing production. In the absence of such special programmes, the benefits of the international trading system would tend to remain concentrated among those trading partners which were economically strong and already had a highly developed export supply capability.

6. The GSP thus had considerable potential as an instrument of development co-operation which needed to be extended and improved. A significant number of developing countries were currently rethinking their development strategies, and many of them had introduced extensive trade policy reforms. While the pace and content of these reforms varied from country to country, there were common themes: practically all of them involved making greater use of the opportunities offered by greater integration into the internationa economy; and exports were being given a considerably more prominent role in development. This orientation required the strong support of the international community. The extension of the GSP into the 1990s and improvements in the GSP schemes to give them wider coverage and greater stability would be powerful signals of support from the major importing countries for the efforts being undertaken by developing countries.

7. The experience of the past decade showed that these schemes had a number of shortcomings which limited their usefulness to preference-receiving countries. Roughly one half of developing country exports were excluded from GSP benefits because they involved products not covered by the schemes, and of the remaining exports which could potentially receive GSP treatment, only about one half actually did receive such treatment, owing largely to non-tariff measures applicable to some covered products, country exclusions, and quotas on the access to benefits, as well as the limited export supply capabilities of preference-receiving countries. Another problem which had diminished the benefits accruing from GSP schemes related to restrictive and disparate rules of origin.

8. There was at present a mismatch between product coverage and the export supply capabilities of a very large number of preference-receiving countries. Many countries, and particularly the least developed and other low-income countries, did not possess production capabilities in the range of goods covered by the GSP schemes. At the same time, they were in a better position to improve their supply capabilities in products not currently covered by the schemes. An expansion in product coverage would therefore be an important step in extending the benefits of the system.

9. Action to deal with the proliferation of measures which limited access to GSP benefits would also help significantly. Where beneficiaries were unable to take advantage of GSP offers because of non-tariff restrictions in importing countries, the removal of such measures would obviously improve the utilization of the system. Of course, the problem of non-tariff measures transcended the framework of the GSP and must be dealt with in a comprehensive manner. Nevertheless, as an interim measure, preference-giving countries might wish to consider the possibility of exempting goods enjoying GSP benefits from non-tariff measures currently in force.

10. In recent years, a number of preference-giving countries had resorted increasingly to "graduating" certain beneficiaries from their GSP schemes or to excluding certain products originating in specific countries from GSP benefits. In addition, country- and product-specific limits to GSP treatment had been placed on an increasing number of products. Whatever the justification for such differentiated treatment, these actions had been unilateral and contrary to the principle of non-discrimination embodied in the GSP system. They had rendered the GSP schemes concerned highly unstable and threatened to undermine the schemes' usefulness as tools for promoting trade expansion and industrialization in developing countries. Investors in developing countries were unlikely to commit resources to an export venture if the conditions of market access on which the investment depended could change arbitrarily and without prior warning.

11. The solution to this problem would be, of course, for preference-giving countries to eliminate all such restrictions. However, if product and country exclusions were to continue, these should be based on objective, transparent, and multilaterally agreed norms which would require the proven achievement of sustained competitiveness in a particular product prior to the exclusion of a beneficiary. He urged the Special Committee to consider this and other issues in a substantive way and to give appropriate guidance for future action.

Chapter I

COMPREHENSIVE REVIEW OF THE GENERALIZED SYSTEM OF PREFERENCES, INCLUDING ITS IMPLEMENTATION, MAINTENANCE, IMPROVEMENT AND UTILIZATION

(Agenda item 3)

12. For its consideration of this item, the Special Committee had before it the following documentation:

> "Comprehensive review of the generalized system of preferences, including its implementation, maintenance, improvement and utilization: report by the UNCTAD secretariat" (TD/B/C.5/130).

13. The spokesman for the Group of 77 (India) said that his Group attached great importance to the seventeenth session of the Special Committee on Preferences, which was devoted to a comprehensive review of the GSP at the end of the second decade of its operation. The Committee must take on an objective assessment of how effective and useful the system had been in terms of the objectives it was meant to serve and the principles underlying it.

14. With regard to the utility and relevance of the GSP, he reiterated his Group's strong belief in the generalized, non-reciprocal and non-discriminatory character of the GSP, as set out in Conference resolution 21 (II). The creation of the GSP had been an historic multilateral trade policy initiative which had played a positive role in helping developing countries, even if in a limited way, to achieve the objective of increasing their export earnings, stimulating their industrialization, accelerating their rates of growth, and diversifying their production and exports. In that respect, his Group appreciated the efforts made by the 22 DMECs and 5 Eastern European preference-giving countries to maintain their respective GSP schemes. Moreover, the comprehensive review of the GSP assumed greater significance because of the scope and context of decisions to be taken in the Uruguay Round. There was therefore a need for creative initiatives to preserve preferential treatment, involving not only tariff reductions or duty free treatment but also removal of those non-tariff barriers affecting GSP utilization.

15. As regards the scope of the comprehensive review, he urged that the Committee should deal not only with the shortcomings of the existing schemes but also with the entire gamut of options which could ensure effective market access on a preferential basis for developing countries. Another aspect of the problem that should be scrutinized very specifically related to regional economic integration arrangements among developed countries, as such arrangements could reduce the competitive edge which the developing countries enjoyed under the present schemes.

16. With regard to the benefits of the GSP during the 1980s, he noted that the value of developing country exports covered by the GSP had increased during the decade from $31.6 billion in 1982 to about $55 billion in 1989. Also, studies commissioned by the UNCTAD secretariat indicated that, excluding the dynamic effects created via stimulation of export-oriented investment, the GSP might have been responsible for an increase of $1 to $6 billion per year in the export earnings of developing countries. The GSP had helped build up export capacities where none had existed or had led to their strengthening. Another important fact was that the GSP had exerted a decisive influence on

importers in developed-country markets by encouraging them to shift sources of supply of GSP-covered products to preference-receiving-country suppliers. Conversely, benefits from the schemes had accrued to importers and consumers in developing countries as well as to their exporters, especially of capital goods. To the extent that the GSP had increased exports from beneficiaries, it had also been a means of ameliorating, in a limited way, the structural imbalances in the international trading system by providing some support to the weaker and disadvantaged trading partners. In the view of his Group, the GSP had, despite its modest implementation, provided an excellent example of enlightened co-operation in recognition of mutual dependence and shared interest between developed and developing countries in the area of trade. Such enlightened co-operation which had launched the GSP deserved to be recalled and brought to bear for the purposes of strengthening and expanding the GSP in the 1990s, especially as a number of major schemes were due for review and renewal in the next two to three years.

17. Concerning the assessment of positive and negative factors, he noted that the manner and direction in which GSP schemes had evolved over the past decade gave reason for both satisfaction and concern. The satisfaction came from the fact that many of the schemes had been improved, but there were some issues and developments which detracted from the improvements made and in some ways undermined the very role and purpose of the GSP. These, therefore, needed to be addressed in the context of the comprehensive review.

18. Turning to his Group's position regarding beneficiaries and the problem of country exclusions, he recalled that the GSP implied that preferences should be granted by all developed countries to all developing countries. However, the grant of beneficiary status had been solely at the discretion of preference-giving countries. The fact that, under the schemes, the number of beneficiaries had varied over time and some beneficiaries had been periodically excluded from GSP treatment, either on a temporary or a permanent basis, demonstrated the point that the principle of the system's generalized and non-discriminatory nature had not been strictly adhered to. Allowing country exclusions on the basis of ad hoc and unilaterally determined criteria amounted to narrowing the scope of the system, discriminating between developing countries and using the GSP as an instrument for securing reciprocal concessions from developing countries, a practice that was incompatible with the principle of non-reciprocity in trade relations with developing countries.

19. The application of unilateral and often shifting criteria had rendered the system unstable and reduced its value for preference-receiving countries. Preference-giving countries based these criteria on a one-sided perception of the situation of developing countries, without taking into account overall social and economic conditions and the fundamental objectives of the GSP.

20. Following an analysis of product exclusions, he stated that another drawback of the GSP schemes of many major preference-giving countries had been the product exclusions in respect of particular countries. Thus, certain products of special export interest to a large number of developing countries, which were already faced with above-average tariff rates, remained excluded ab initio in most schemes. The magnitude of these exclusions was clearly brought out in the UNCTAD secretariat report, which indicated that excluded

MFN dutiable products imported into 10 OECD preference-giving countries in 1986 alone had amounted to $31.3 billion, or nearly 35 per cent of total dutiable imports from beneficiaries.

21. As regards differentiation in country/product exclusions, product exclusions had been imposed on a differential basis and varying criteria had been used by preference-giving countries to differentiate product coverage among beneficiaries. Apart from imparting complexity, non-transparency and unpredictability to the schemes, such ad hoc exclusions undermined the very purpose for which the GSP had been conceived. In fact, because of the mismatch between the export capacity of developing countries and the existing product coverage of GSP schemes, country/product exclusions had the effect of leaving out of the market those very developing countries that were in a position to make use of the GSP benefits effectively.

22. The rationale for country/product exclusions which had been advanced was to provide a more equitable utilization of the GSP schemes for other less competitive beneficiaries. He noted that UNCTAD and other studies had demonstrated that the withdrawal of preferential treatment from specific beneficiaries on selected products had not ipso facto translated itself into the transfer of such benefits to and utilization by other less competitive preference-receiving countries and that in fact, in many cases, it had been found that benefits accrued to developed country competitors in that product or sector. In many cases these products enjoyed competitiveness only because of the support provided by preferential tariff or duty-free access under the GSP scheme, as exports fell once preferential access was withdrawn. Exclusions also had the effect of market dislocation and disruption for developing country exporters, since in many cases they caused developed country importers to shift their sources of supply from developing countries once their preferences were withdrawn.

23. In relation to limitations and restrictions - safeguard measures - he noted that the application of quantitative restrictions and unilateral limitations, both global and country-specific, to products for which developing countries had developed export capacities, through mechanisms such as tariff quotas, fixed duty-free amounts, ceilings, maximum import amounts, etc., had become a chronic feature of the main schemes. Also, such restrictions and limitations were imposed on a yearly basis for most schemes, making the preferences available to preference-receiving countries unstable and unpredictable. His Group wished to reiterate that for effective utilization of the schemes it was indispensable that they should have stability and predictability, so that advantage could be taken of them by potential beneficiaries. In addition, country and product exclusions had been pegged to certain quantitative criteria in a number of schemes on the grounds of safeguard action. It had, however, been the experience of preference-receiving countries that the requirements and guidelines set out on safeguard action in Trade and Development Board decision 75 (S-IV) had generally not been followed, since restrictive or limitative measures no longer remained "exceptional". The need to offer opportunities for appropriate consultations to beneficiary countries, in particular to those having substantial trade interest in the products concerned, had also not been generally acknowledged in practice. The Group of 77, therefore, considered that the safeguard clauses contained in the various schemes should be

significantly improved. Safeguard action should be taken only as a temporary measure, and multilaterally agreed and transparent criteria for injury determination should be adopted.

24. Concerning expansion of product coverage, unless the problem of country/product exclusions and related quantitative restrictions was tackled, the modest extensions of product coverage would not substantially alter the limited nature and scope of the GSP. This was borne out by the low utilization rate of GSP schemes. The members of the Group of 77 were deeply concerned about the fact that only between 25 per cent to 30 per cent of the dutiable exports of developing countries had been covered by the GSP and that of these only 50 per cent had been actually utilized by preference-receiving countries because of limitations and restrictions in the schemes. Expanded product coverage through inclusion of those agricultural and manufactured products which had been excluded ab initio in many schemes was essential. This alone could substantially improve the utilization of the GSP so as to make it beneficial to the economic development of all developing countries.

25. On the issue of depth of tariff cuts, the extension of duty-free entry to all industrial products and deeper tariff cuts for agricultural products had not been sufficient to offset the erosion of GSP margins as a result of successive MTNs. The adjustment of preferential margins in line with tariff cuts being agreed to in the course of the Uruguay Round should not lead to the reduction in the value of preferences. His Group concurred with the UNCTAD secretariat suggestion that preference-giving countries might wish to consider granting across-the-board duty-free treatment to products originating from developing countries to the maximum extent possible.

26. Referring to the rules of origin, he said that the members of the Group of 77 believed that the continued diversity and complexity of GSP rules of origin called for greater effort for further harmonization and simplification. The dichotomy in the definition of substantial transformation between the process criteria and the percentage criteria created difficulties for beneficiaries, especially for low-income and least developed countries, and acted as an obstacle for fuller utilization of the GSP. His Group supported the recommendation that, with the universal application of the harmonized system, preference-giving countries should adopt a uniform approach for determining substantial transformation by using the process criteria and, that, if that was not possible, they should adopt uniform percentage criteria. Unified and simplified rules on documentary evidence, full and global cumulation, and donor country content provision were other measures that would remove existing difficulties with regard to rules of origin.

27. Although most preference-giving countries had taken special measures on behalf of LDCs, steps needed to be taken to ensure that all 43 LDCs were covered in all schemes. The objective should be duty-free and quota-free access for LDC exports, and rules of origin should also be simplified in favour of LDCs.

28. The representative of China said that the GSP had played a positive role in the promotion of trade relations between developed and developing countries and in the creation of a more equitable environment for those relations. The adoption and implementation of a generalized, non-reciprocal and non-discriminatory system of preferential tariffs had been designed to help developing countries to increase their export earnings, promote their

industrialization and accelerate their rate of economic growth. Continued maintenance and improvement of the GSP, as well as reaffirmation of its basic principles, would only enhance the normal functioning of such relations.

29. The GSP had certainly been a useful policy instrument for expanding the export trade of developing countries, increasing their foreign exchange earnings, and promoting the diversification of their exports and north-south economic and trade co-operation. Also, in recent years, some preference-giving countries had improved their schemes in various ways, and special treatment had been provided for the LDCs. However, it had to be noted that the goals set for the GSP were still far from being attained and its contribution to the economic growth and industrialization of developing countries had remained limited. There was, therefore, considerable room for improvement in the GSP schemes, in particular with respect to both product coverage and the depth of tariff cuts on products covered by the schemes. Some major preference-giving countries had introduced discretionary eligibility criteria and differential treatment for products exported by a number of developing countries, and limits on preferential treatment in the form of various mechanisms such as graduation clauses, tariff quotas, ceilings and competitive need criteria had proliferated. Non-tariff measures outside the GSP had also limited effective access to preferential treatment. Complex and different rules of origin had discouraged the utilization of the system by the developing countries, particularly by least developed and other low-income countries.

30. The developing countries as a whole were encountering grave problems with their economic development, and the early revitalization of the development process was the most urgent task for the international community. In this regard, preference-giving countries should pay more attention to the GSP as an integral part of trade policy instruments for redressing the existing imbalances. He hoped that the preference-giving countries would make a serious effort to maintain and improve the GSP by extending product coverage, decreasing tariff rates, removing restrictive measures and graduation, and providing the LDCs with greater preferential benefits.

31. There had been a continuous increase in preferential imports, which had played a certain positive role in promoting China's export trade. However, due to the impact of various protectionist measures, China's GSP utilization ratio had remained at a somewhat lower level. A certain country had not granted preferential treatment to China, while others had resorted to the "graduation clause" to exclude from GSP treatment some products of export interest to his country.

32. The comprehensive implementation, maintenance, improvement and utilization of the GSP reflected the common concern of all the preference-giving and preference-receiving countries. His country supported the suggestion regarding both the extension of the GSP to the 1990s and other recommendations contained in UNCTAD secretariat document TD/B/C.5/130. China hoped that preference-giving countries would consider how to improve their autonomous schemes to bring them more into line with the basic principles of the GSP.

33. The spokesman for Group B (Netherlands) said that his Group continued to view the GSP as an important trade measure for fostering the economic development of developing countries while at the same time stimulating their further integration into the global trading system.

34. The establishment of the GSP had traditionally been regarded as one of the major and substantive achievements of UNCTAD, and it was therefore important to evaluate the effectiveness of the GSP during the past 20 years and to reflect on its future, taking into account the substantial changes that had occurred in the global economy.

35. Although the question of the extension of the various GSP schemes in the 1990s had not yet been addressed in some Group B country capitals, the Group was committed to the GSP as an autonomous instrument for the promotion of exports, industrialization and development.

36. The overall impact of the GSP on developing countries' exports had been modest but positive. It was, however, recognized that the parallel tariff reductions on an MFN-basis in the context of the Tokyo Round had automatically reduced GSP preferential margins. This reduction would continue, since the Uruguay Round was expected to result in a welcome further general cut in MFN customs tariff levels and to an increase in binding among trading partners. A successful conclusion of the Round would be of fundamental importance for the developing countries and the international trading system.

37. He noted that the realization of GSP benefits had been mainly concentrated in a relatively small number of more advanced developing countries, whereas the utilization rate of the GSP by other developing countries had remained low. Group B was prepared to discuss the implications of this situation.

38. Regarding harmonization and improvement of the rules of origin, he expressed the hope that it would be possible to follow a systematic approach to the consideration of the tasks ahead in this area, in particular as regards the needs of the least developed countries, bearing in mind the forthcoming Paris Conference on LDCs to be held in September 1990.

39. The spokesman for Group D (Hungary) said the present session of the Special Committee provided an opportunity for both an annual and a 10-year review of the changes and developments that had occurred in the implementation, maintenance, improvement and utilization of the GSP.

40. The preference-giving countries of Group D had begun their schemes in the early 1970s and had thereafter improved them to the extent possible in line with the needs of developing countries. Group D countries had provided information about the operation of their schemes on an individual basis, since the schemes differed from each other in terms of country and product coverage and preferential margins. Moreover, some countries were in a unique situation, being both preference-giving and preference-receiving.

41. There were, however, some important common characteristics in Group D countries' schemes. Firstly, there were no exclusions of product groups from preferential treatment, nor were quantitative limitations or safeguard measures applied. Utilization ratios had been consistently quite high, and some preference-giving countries of Group D gave duty-free treatment to least developed countries for all products. Such features promoted export expansion, in accordance with the ability of beneficiaries to make best use of the preferences available. In this connection, details of the experiences and any practical difficulties of beneficiary countries could be discussed in bilateral consultations.

42. The representative of Japan outlined the main points of the recent developments in Japan's GSP scheme. Firstly, Poland had become a new beneficiary of Japan's GSP scheme as from 1 January 1990, so that the total number of beneficiaries stood at 130 countries and 25 territories, of which 38 were eligible for special measures for least developed countries. Secondly, concerning ceilings for fiscal year 1990 (April 1990 to March 1991), which had been officially announced on 31 March 1990, the former product groups No. 32 (rubber tyres, etc.), No. 106 (silver) and No. 110 (non-alloy pig iron) had been deleted from the ceiling list, due to the elimination of MFN tariffs which had applied to these products. Product group No. 56-2 (articles of wood of Kwarin, Tsuge or boxwood, etc.) was newly established and administered independently. For this product group, flexibility was applied to both the ceiling and the maximum country amount. Thirdly, the total amount of preferential imports in fiscal year 1988 had been approximately $US 14 billion, representing a 46 per cent increase from the previous fiscal year.

43. There had been various substantial improvements in Japan's scheme in the past decade. These improvement measures included expansion of the product coverage, the reduction of GSP tariff rates, an increase in ceiling levels, the elimination of the exceptional measures for Hong Kong, and the elimination of special LDC measures.

44. The number of beneficiaries of Japan's GSP scheme had increased from 118 countries and 28 territories in fiscal year 1981 to 130 countries and 25 territories in fiscal year 1990. The number of countries eligible for special LDC measures had also increased from 29 countries in fiscal year 1981 to 38 countries in fiscal year 1990.

45. As to differential treatment and graduation, on which the representative of Japan gave some clarification, these had not been applied to any beneficiary country so far. After the expiry on 31 December 1989 of the transitional arrangements related to the introduction of the Harmonized System, it had become the general rule that HS tariff heading must be entered in Box 8 of Form A.

46. The representative of Czechoslovakia said that his country's GSP scheme, introduced in 1972, had granted preferences to 89 countries in respect of all products except those falling within 11 tariff subheadings, and there were no quantitative restrictions on preferential imports. The number of beneficiaries of the scheme was clearly on the increase. In 1978, 21 least developed countries and 83 developing countries had been beneficiaries of the scheme, while in 1989, 34 least developed countries and 90 developing countries had been recognized as beneficiaries. Other countries might be included in the scheme as beneficiaries in future.

47. The legislation in force since 1 July 1989 (published in TD/B/GSP/CZECH/5) granted duty-free access for goods originating in 44 least developed countries and for tropical goods from other developing countries. However, other goods imported from 80 developing countries were subject to customs duties varying from 15 per cent to 25 per cent. At present, five tariff subheadings were excluded from the scheme.

48. His country applied the "donor country content" concept and "full and global cumulation", and it adhered strictly to the principles underlying the generalized, non-discriminatory and non-reciprocal character of the GSP.

49. The main advantages of the scheme for developing countries depended in principle on the willingness of developing country exporters to enter directly into trade with the Czechoslovakian business community. He hoped the fact that Czechoslovak enterprises were now independent entities operating on a commercial basis would facilitate this trade.

50. The representative of Switzerland said that in 1989, Swiss imports from developing countries under the Swiss GSP scheme had stood at $5 billion, an increase of 10 per cent over the previous year, and the share of developing countries in total imports had been 7.3 per cent. Preferential imports had increased to 4.9 billion francs (up from 4.1 billion in 1986), and the utilization rate had been 37 per cent (up from 35 per cent in 1988). However, if stones and precious metals were excluded, the utilization rate was 65 per cent. The Swiss scheme did not provide for any quantitative restrictions. The least developed countries' exports, for which special treatment had been granted starting in July 1982, had risen to 108 million francs in 1989. The value of GSP-covered imports had risen to 51 million francs (from 42 million in 1988), and the utilization rate had risen to 67 per cent (from 56 per cent in 1986). With regard to the provisions of the scheme, three amendments had been introduced since July 1989. First, the results of the Uruguay Round negotiations on tropical products had been incorporated into the scheme; second, imports of raw and crystallized sugar were now admitted duty free; and lastly, Mozambique and Vanuatu had been added to the list of least developed countries.

51. His country acknowledged the importance of the Special Committee's session as an opportunity to assess the working of the GSP over the last decade, and it would welcome improvements in GSP schemes where such improvements would have a real impact on the trade flow of developing countries. Minor changes not having a substantial effect would just further complicate the schemes and should be avoided.

52. Switzerland had not withdrawn GSP treatment from any beneficiary, nor had it excluded any products or applied any quantitative limitations. Improvements in product coverage and the harmonization of rules of origin would be the subject of further study, with particular attention being paid to LDCs.

53. Finally, while Switzerland had never graduated a beneficiary country, a system of graduation was consistent with the objectives of the GSP, and the adoption of a general safeguard clause based on multilaterally agreed criteria was not regarded as an appropriate approach.

54. The representative of Sweden said that her country's scheme of generalized preferences, introduced in 1972, was simple, provided unlimited duty-free entry for all GSP-covered products, and had no quantitative limitations. The scheme was particularly liberal for products originating in the 42 least developed countries, and duty-free entry was granted to all products originating in those countries. All developing countries interested in benefiting from the GSP and which had not already done so were invited to comply with the notification procedure under her country's origin rule.

55. Imports into Sweden from developing countries beneficiaries of the Swedish scheme were generally on the increase. In 1988, GSP-covered imports had represented 24 per cent (6.5 billion Swedish kronor) of total Swedish imports from beneficiaries. Products imported free of duty (on both an MFN

and a preferential basis) had accounted for 75 per cent of total imports from those countries. The average utilization rate of the Swedish GSP scheme in 1988 had been about 65 per cent. Her country intended to revise its scheme every fifth year, and the next revision was scheduled for 1991, after the end of the Uruguay Round negotiations.

56. Finally, she expressed her Government's appreciation for the use being made by beneficiary countries of bilateral consultation opportunities and indicated, in this connection, that a booklet about the Swedish scheme and a guide for exporters to Sweden were available.

57. The representative of Canada recalled that his country's general preferential tariff (GPT) had been introduced in 1974 and that since then his Government had introduced further improvements in its scheme in order to facilitate access for developing country exports to the Canadian market. These improvements included the extension of both product coverage and the beneficiaries' list, as well as the adoption of special measures in favour of LDCs and changes to the rules of origin, including provision for full, global cumulation. Over 50 per cent of dutiable items were covered by the Canadian scheme, and the utilization rate for the GPT remained at or above 75 per cent.

58. As far as safeguard measures were concerned, currently only four products were subject to safeguard action. Safeguard action could only be taken after an independent quasi-judicial body (the Canadian International Trade Tribunal) had undertaken a public inquiry into the matter and made a recommendation to the Government. In undertaking such inquiries, the Tribunal had to consider the views of Canadian producers, exporting beneficiary countries, exporting firms or their representatives and Canadian importers and consumers. A GPT safeguard investigation by CITT examined whether goods imported at GPT rates had contributed directly to the cause of injury and indicated the relative importance of GPT preference as a cause of injury. He commended the secretariat for raising the sensitive issues of graduation or country/product exclusion but said that much of the secretariat's analysis of these and other issues reflected mainly the standpoint of developing countries, and that his Government would have appreciated a more balanced approach to the problem.

59. With regard to his authorities' current review of the GPT, the results of the Uruguay Round, domestic considerations and beneficiary countries' views would have to be taken into consideration. His Government attached importance to developing countries' participation in the Uruguay Round negotiations, especially in view of the anticipated tariff reductions, which should provide all countries with greater certainty of access. His authorities would also consider the relative importance of the GSP in promoting exports of developing countries within the framework of the multilateral trade system. Canadian authorities would also have in mind objective studies which showed that the distribution of GSP benefits depended more on supply than on market access considerations, so that countries that had adopted market-oriented and export encouraging policies had obtained the biggest share of benefits.

60. The representative of Poland said that many important changes had taken place in his country. Some would influence not only foreign trade arrangements but also the operation of the Polish preferential scheme. Having launched a programme of radical economic and political change, his country was transforming itself into a democratic market-economy country. As from 1 January 1990, all quantitative restrictions on imports paid for in

convertible currency had been eliminated. With few exceptions, imports could now be undertaken without government authorization or import licences. Neither import quotas nor self-restraint agreements with trading partners were applied. Liberalization of imports had been accompanied by deregulation of export trade, and producers were now free to choose the channel through which they would export or import. As a result of these arrangements, the number of registered firms and persons directly engaged in foreign trade operations had been steadily growing, including private companies and companies with foreign capital participation.

61. Customs duties were now the major factor responsible for the difference between domestic and international price levels. New customs laws which had come into force on 1 January 1990 regulated all matters related to the movement of merchandise and tourists. The customs tariff nomenclature was now based on the Harmonized Commodity Description and Coding System (HS), with tariff rates comparable with those applied in the majority of OECD countries. The intention was to become fully integrated into the GATT system and to accept any consequential obligations. The customs tariff had been submitted to GATT, and after its examination, appropriate changes in the preferential system would be considered.

62. A revised GSP preferential scheme had been introduced on 1 January 1989. The preferential margin had been increased on 114 agricultural and 86 industrial products; 28 tropical agricultural products and 21 tropical industrial products had been added to the list of goods eligible for preference. Duty-free rates were applied to 247 tropical goods, including goods from chapters 6 to 24 of the Harmonized System and many items from chapters 32, 33, 40, 44, 46, 53, 56, 57, 63 and 94.

63. Antigua and Barbuda, Belize, St. Kitts and Nevis, and St. Vincent and the Grenadines had been added to the list of beneficiaries. Myanmar, Kiribati, Mauritania, Mozambique, Tuvalu and Vanuatu had been added to the list of least developed countries. As from 30 December 1989, preferential treatment had been accorded to imports from 129 developing countries, and duty-free preferential treatment for all imports had been granted to 42 least developed countries.

64. The preferential scheme was not discriminatory, nor did it contain tariff quotas, ceilings or exemptions; it was intended to expand trade with developing countries. Imports from developing countries in 1989 had amounted to 7.6 per cent of total imports, an increase of 0.7 per cent compared with 1988. Exports to these countries had decreased by 2.2 per cent. Imports from developing countries showed an increase in agricultural and chemical products and crude oil. This demand for goods imported from developing countries would increase as the domestic market expanded.

65. International co-operation would be needed in order to facilitate the development of Poland as a market-economy country. Meanwhile, although in some respects it was a developed country, in others Poland appeared to be a developing country, and for this reason the acceptance of Poland by some OECD preference-giving countries as a GSP beneficiary country had been welcomed. Seminars in Poland on GSP provisions, arrangements for which were already in hand, would be particularly helpful.

66. The representative of Egypt said that he wished to emphasize three crucial points. Firstly, developing countries were interested in the GSP as a positive and important system for the future of international trade and for its planning in both the long and the short term. Secondly, developing countries were attached to the principles underlying the system and opposed any measures that ran contrary to those principles. Thirdly, the Uruguay Round negotiations should in no way have negative repercussions for the GSP, as indeed the implementation of the new customs classification based on the Harmonized System should in no way lead to a reduction of the GSP product coverage; on the contrary, it should consolidate and increase the achievement of the GSP.

67. The GSP was a positive model for co-operation among groups of States and for the promotion of international trade among them. In looking at the prospects for the 1990s, preference-giving countries should consider the proposal that they exempt products enjoying GSP status from non-tariff measures affecting the efforts of beneficiaries (TD/B/C.5/130, para. 74). In addition, his delegation supported the view that there was a dire need for the harmonization and simplification of the rules of origin (TD/B/C.5/130, para. 83).

68. The representative of the Union of Socialist Soviet Republics said that in general his delegation agreed with the conclusions reached in the reports prepared by the secretariat on the questions before the Special Committee. The Soviet Union had high esteem for the GSP as an important instrument for achieving the goals of economic development of the developing countries, as defined in Conference resolution 21 (II). He shared the concern over the fact that those goals had not yet been achieved, and considered it necessary to strengthen the role of the Special Committee as one of the important bodies of UNCTAD in the area of multilateral trade policy.

69. His country traditionally regarded trade relations with developing countries as an important area for the development of its foreign trade relations. The share of developing countries in the foreign trade turnover of the USSR in 1989 had increased to 20.5 per cent, and in comparison with 1988, trade turnover with developing countries had increased by 7 per cent, with Soviet imports from developing countries increasing by 16,7 per cent.

70. The effectiveness of the GSP was to a great extent linked with the trade policy of the preference-giving countries. In that connection, substantive changes were taking place in the system of foreign trade regulations in the USSR, which was currently working towards a more complete integration into the world economic system. A new system of State regulation of foreign economic relations was being created, taking account of international rules and principles. Regulations introduced in 1989 related to the registration of new participants in foreign trade, the declaration of transborder movements of goods and the operational regulation of foreign economic activity, in particular through licensing.

71. The Customs Tariff of 1981 had remained in force in 1989, but a new Customs Tariff was planned and would come into force in 1991. Unlike the tariff now in place, the new tariff was based on the HS. This tariff included about 5,000 lines, reflecting the existing structures of both international trade and Soviet imports more adequately. The draft tariff contained two columns: MFN rates and maximum rates. For goods originating from

developing countries, a preferential régime was envisaged. The new draft Customs Tariff was based on generally accepted principles and norms, and in this regard, the rules of origin were being drafted in the light of the requirements of the Kyoto Convention. Finally, his country sought closer co-operation with other countries in customs activities, and the question of entering the Customs Co-operation Council (CCC) was being considered.

72. The representative of Venezuela said that the seventeenth session of the Special Committee provided a good opportunity for examining the GSP closely and detecting those aspects of the system which could be improved. Improvements had been made with respect to the various elements of the GSP since the system's inception, but there was still room for further improvement. In his delegation's view, it was essential to extend the product coverage in order to include in the schemes those items of special export interest to beneficiary countries. There was also a need for further simplification and harmonization of the rules of origin, including the extension of cumulation facilities under all schemes.

73. His delegation was deeply concerned with recent developments in the implementation of GSP schemes in some preference-giving countries. It was disheartening to note that the common trend continued towards a clear intensification of the graduation policy on the part of certain preference-giving countries, leading to the exclusion of goods originating from specific countries, combined with increasing resort to quantitative limitations and devices of all sorts that limited access to preferential treatment.

74. The representative of Norway said that his country's scheme, introduced in the early 1970s, had been kept under continuous review and had been improved and extended several times. All products covered by the scheme enjoyed duty-free treatment, and there were no quotas, ceilings or other limitations. All products originating in the 42 LDCs enjoyed duty-free access to the Norwegian market. It was estimated that 93 per cent of imports from beneficiaries in 1988 had been admitted free of duty, either on a GSP or on an MFN basis. No fundamental changes in the scheme were expected in the foreseeable future.

75. The documentation prepared by the UNCTAD secretariat contained interesting proposals. Norway had worked actively to achieve a reduction of non-tariff barriers in the Uruguay Round. It nevertheless found the proposal to extend preferential treatment into the non-tariff area interesting, especially as a possible means of improving market access to least developed countries.

76. With regard to safeguard action, he would welcome an open discussion of the possibilities of establishing more specific criteria for implementing such action, but it had to be acknowledged that there were limits as to how specific such criteria could be.

77. Tariff reductions were not being negotiated with the deliberate intention of diluting the value of GSP preferences. He indicated his country's readiness to discuss this particular side effect of the ongoing MTNs so that views of other delegations could be taken into account when reviewing the Norwegian GSP scheme.

78. The representative of Nigeria said that his country attached special importance to the GSP as an important instrument for promoting the economic development of the developing countries and expanding their exports, particularly in the area of manufactured and semi-manufactured goods. His country was somewhat encouraged by the modest improvements that had been made with regard to product coverage and the extent of tariff cuts under the schemes, especially since the sixteenth session of the Committee in 1989. However, there was justifiable concern among developing countries about disquieting new developments affecting their exports, and successful implementation of the GSP would require that preference-giving countries renew their commitment to the basic principles of the GSP, as contained in Conference resolution 21 (II).

79. With regard to the recent developments in the operation of GSP schemes, one serious weakness was the generally low rate of utilization of the GSP by beneficiaries. This was due to a number of factors, including differential application of preferential treatment in respect of beneficiaries through the introduction of various discriminatory measures, arbitrary application of safeguards mechanisms and other limitations. Aside from these issues, what also caused concern was that, due to lack of adequate information, the advantages of the GSP Schemes had not been fully utilized, especially in the case of the African region, which had only recently discovered the opportunities offered by the GSP.

80. In his view, a wider coverage of agricultural products, on which most developing countries, particularly the least developed countries in Africa, depended for their foreign exchange earnings, would significantly enhance the usefulness of the GSP.

81. Finally, his delegation invited all preference-giving countries to make the necessary improvements in their GSP schemes, including tariff concessions and the removal of all existing discriminatory trade practices and arbitrary laws which hindered the smooth operation and curtailed the advantages of the GSP.

82. The representative of Sri Lanka said that, despite some shortcomings which would need remedial action, the GSP had been an important instrument of multilateral trade policy and had brought considerable trade benefits to developing countries. However, the GSP schemes differed widely, were not stable and were subject to an increasing number of quantitative limitations. In addition the complexity of the rules of origin and the ineffectiveness of the special concessions in favour of LDCs had made the GSP meaningless to those countries.

83. With regard to the trade effects of the system, the amount of trade carried on under the GSP had represented between one-fifth and one-quarter of dutiable imports into preference-giving countries. There was therefore still room for improving the system through broader product coverage. Agricultural products, which were usually either excluded from the schemes or subject to various non-tariff barriers, should be included and NTBs removed in order to give preference-receiving countries currently unable to export industrial items the possibility to benefit from the system. The inclusion of agricultural products in the schemes should be accompanied by the granting of the deeper tariff cuts needed by developing countries to penetrate developed countries' markets.

84. With regard to rules of origin, harmonization and simplification should be regarded as a compensation for the erosion of the GSP margin of preferences. His Government believed that the adoption of a single unified system of origin rules (for example, application of the United States system which required 35 per cent local value added, together with the use of a common term for appraised value, preferably the FOB value), the introduction of full and global cumulation and donor country content rule facilities under all the schemes would greatly facilitate the utilization of the GSP by beneficiary countries and force them to co-operate more closely among themselves and to integrate their economies into the world trading system.

85. Finally, the objectives of the GSP could be realized if it was maintained, improved and strengthened, as called for by Conference resolution 21 (II).

86. The representative of the European Economic Community said that the second comprehensive review of the GSP should not lose sight of developments taking place in the world economy, from which the GSP could not be dissociated.

87. The GSP had been conceived at a time when the industrialized countries were still imposing a relatively high level of tariff protection. The preferential benefits of the system had been gradually eroded as a result of successive tariff reductions (the average of developed countries' tariffs had fallen from 10.4 per cent to 6.4 per cent), the creation of free trade areas and the establishment of contractual preferential arrangements. The advantages of the GSP had further been reduced due to parallel recourse to non-tariff measures. This erosion had affected the overall impact of the GSP.

88. In 1988, imports from developing countries amounting to ECU 16 billion had enjoyed preferential treatment. It must be noted, however, that the 10 major beneficiaries had accounted for nearly 70 per cent of preferential imports, and the share of the LDCs was still far too low (barely more than 1 per cent).

89. He noted as an encouraging development the tendency in developing countries to move away from import substitution policies towards import liberalization policies. As a consequence, a number of developing countries placed priority on active participation in the Uruguay Round and its outcome. The Community welcomed this and called on all developing countries to do the same, as the best way to take part in international trade.

90. The Community would make efforts to make its scheme simpler, more stable and more transparent. An announcement about the new guidelines for the Community scheme in the 1990s would soon be made.

91. Referring to paragraph 7 of the Enabling Clause, he said that beneficiaries that had become internationally competitive should assume greater responsibility in international affairs. The burden should be evenly distributed among developing countries, in particular as far as product coverage was concerned. The Community scheme had a very wide product coverage, which also included textile products. Coverage with respect to the agricultural sector had been progressively extended, and it had been extended once again in a significant way very recently.

92. Commenting on chapter III of document TD/B/C.5/130, he said that with regard to non-tariff measures and actual enjoyment of preferences (para. 74), it would be dangerous to confuse non-tariff measures taken outside the GSP and restrictions within the GSP, as those measures had different objectives. The former were a real problem affecting world trade and had to be dealt with in the GATT framework, while restrictions affecting the benefits of the GSP were a problem that the Community was prepared to look into when overhauling its scheme.

93. He endorsed the UNCTAD secretariat view (paras. 75 to 81) on the need to maintaining a broader product coverage, even though exclusions of some product/country pairings might be inevitable. He also agreed with the UNCTAD secretariat (para. 82) that the preference margin should be meaningful, and the Community was ready to look into the effect of the rules of origin. The Community would make further efforts to help LDCs in improving their utilization of the GSP.

94. The representative of Ecuador said that preference-giving countries should consider improving their schemes by making them simpler, more transparent and more stable. The rules of origin must also be simplified. The GSP was a vital instrument for improving the foreign trade of developing countries and it should therefore be strengthened and made more predictable.

95. The representative of Finland said that his country regarded the GSP as beneficial for the developing countries in promoting the growth of their export earnings and foreign trade, although the original principles of non-reciprocity and non-discrimination had not yet been fully respected and the real effect on economic growth had been rather limited.

96. As a new decade began, it was important to examine past experience with the GSP, see how the situation had changed and decide whether the GSP should continue. In that connection, it appeared that the current sitution was somewhat similar to that of 10 years ago, i.e. active beneficiaries monopolized the scene, while there were still 47 countries included in the list of beneficiaries which were not in a position to enjoy preferences under the Finnish GSP scheme because they had not fulfilled the notification requirement. The importance of the notification requirement had been stressed in several contexts, especially in the UNCTAD GSP project.

97. The utilization rate under the Finnish scheme had traditionally been high, at around 70 per cent, though during the last two years it had decreased to 62 per cent. All products covered by the scheme enjoyed duty-free treatment and there were no quotas, ceilings or other limitations regarding individual beneficiaries or GSP imports as a whole. The scheme had been continuously improved and the coverage enlarged, and the current list of least developed countries under the Finnish scheme was identical with the list accepted by the General Assembly. The product coverage would be re-examined in the light of the results of the Uruguay Round.

98. Although the planned tariff reductions in the Uruguay Round would diminish the comparative advantage of the GSP recipient countries, Finland considered that the GSP still had an important role to play, particularly if the coverage of GSP schemes was enlarged and other trade barriers removed. Finland was ready to develop and improve its scheme's coverage, with particular emphasis on the least developed countries.

99. The representative of India said that his country regarded the GSP as a significant and vital instrument of trade co-operation between developed and developing countries. India had benefited considerably from the GSP, and the system had undoubtedly played a catalytic role in promoting exports in certain areas and creating export supply capability in a number of areas, especially with regard to manufactured and semi-manufactured exports. For a low-income developing country like India, which was seeking accelerated economic growth and development and trying to eradicate poverty, increased export earnings resulting from preferential market access could galvanize its much needed resources.

100. The GSP should therefore not only be maintained but the schemes should be considerably improved and strengthened in the coming decade for the benefit of developing countries. The most important way in which a substantial improvement could be brought about was through expansion of product coverage, which alone could make GSP preferences meaningful for most developing countries.

101. India entirely agreed with the point made in the Group of 77 statement that the 1990 review should mark a major advance in relation to the 1980s in terms of constructively expanding the scope of the GSP schemes and bringing them in line with the fundamental objectives and principles of the GSP, as contained in Conference resolution 21 (II).

102. The representative of Austria announced that Mongolia would be included in the list of beneficiaries of the Austrian scheme as of 1 July 1990 and that Poland had been included as of 1 January 1990. With regard to document TD/B/C.5/130, paragraph 58, it should be noted that, like Switzerland, Austria also gave special LDC treatment to all the 42 countries so designated by the United Nations.

103. The representative of Romania said that, while the GSP had helped to promote exports, its objectives had been only partially realized. Some products from certain developing countries were excluded from schemes, some countries were excluded for political reasons, preference had been withdrawn in some cases for reasons of competitivity, and ceilings and other forms of safeguards were applied.

104. Her country was undergoing a significant process of democratization and economic transformation. The economy, largely that of a developing country, was confronted by many problems, and the co-operation of the international community, particularly industrialized countries, would be important. A law had been passed which permitted foreign investment up to 100 per cent, but success would also depend upon improved access to developed country markets, for which preferential duty arrangements were important.

105. With regard to the improvement of the GSP, schemes should be widened, on a non-discriminatory basis, to include products hitherto excluded, quantitative restrictions should be lifted, schemes should be stabilized and the exclusion of products on the grounds of competitivity should be abandoned. Products affected by the reduction of preference margins through multilateral trade negotiations should be given duty-free preference in compensation.

106. As regards rules of origin, the concept of donor country content should be extended in order to promote economic co-operation between the beneficiaries and developed countries.

107. As part of its transformation, the Romanian economy was promoting the development of private enterprise, which was now allowed to engage directly in foreign trade. The new enterprises needed support and help, and in particular they needed to be made aware of the benefits available through the GSP schemes.

108. The representative of Hungary said that the Hungarian scheme had been in effect for more than 18 years, during which time there had been an increase in the number of beneficiaries, an expansion in product coverage, and liberalization of the rules of origin; in addition, a large number of products had received duty-free treatment, while others enjoyed tariff reductions of varying size. During the operation of the Hungarian scheme, the value of imports entering Hungary at preferential rates had more than tripled. The share of industrial consumer goods and processed agricultural products in Hungarian imports from the developing countries had significantly increased. The fact that preferential imports were practically equal to those covered by the scheme indicated that the advantages under the scheme were fully utilized. The ratio of preferential imports to dutiable imports was also high.

109. The most recent improvements in the Hungarian scheme had been introduced in July 1989, when 44 tropical products had been added to the list of products benefiting from preferential treatment and the preferential rates for 41 tropical products had been reduced to zero as a contribution to the liberalization of trade in tropical products within the framework of the Uruguay Round of Multilateral Trade Negotiations.

110. The real advantages to be derived from the GSP schemes depended on the structural adjustment capabilities of beneficiary countries and on the competitiveness of their products. The success of restructuring in Hungary would largely depend on the scope for increased market access for its competitive products, and the outcome of the Uruguay Round would be of paramount importance in that respect. Hungary appreciated the support given by New Zealand, Japan, Austria, the United States, EEC, Canada and Australia in extending preferential tariff treatment to it.

111. Finally, the GSP schemes must retain their autonomous nature. However, an exchange of views on certain aspects would be useful, and in that context the issue of predictability was essential.

112. The representative of the United States of America said that the present session was timely and would allow the Special Committee to reflect on changes which had taken place in the world economy since the inception of the GSP. Discussions concerning the commencement of the third decade of the GSP should also reflect the character of current trade policy initiatives, including the impact of the successful conclusion of the Uruguay Round.

113. The United States remained committed to promoting the economic development of beneficiary countries, and the GSP was an integral component of United States trade and development policies. The United States GSP scheme had made an important contribution to the developing countries' legitimate need to accelerate economic growth and industrialization. GSP imports had grown from $US 3.2 billion in 1976 to $18.4 billion in 1988, an average annual

growth rate of 34 per cent. In 1989, United States GSP imports had declined to $US 10 billion, reflecting the effects of the graduation of the most competitive beneficiaries in order to increase GSP opportunities for the remaining beneficiaries. He noted that GSP imports from current beneficiaries had increased by 18 per cent in 1989, and the utilization rate had been 74.4 per cent.

114. In the course of the 1980s, the following changes had been made in the United States scheme: elimination of the competitive need limits for least developed beneficiaries; presidental authority to waive competitive limits; increasing the de minimis trade level; indexing all programme ceiling limitations to reflect growth in the United States economy; and adding more than 200 products to GSP eligibility. In 1989 and 1990, Poland and Hungary had become beneficiaries, Panama had been reinstated as a beneficiary, and five countries (Kiribati, Mauritania, Mozambique, Tuvalu and Vanuatu) had been added to the list of least developed countries. The possible reinstatement of GSP beneficiary status for Chile, Paraguay and the Central African Republic was to be considered, and 18 categories of wrist and pocket watches had been added to the list of GSP-eligible articles. The annual review process allowed beneficiary countries and private sector interests to participate in the government GSP decision-making process, and decisions resulting from the 1989 GSP annual review, which would become effective on 1 July 1990, would expand benefits by nearly $US 2.4 billion.

115. The United States believed that tariff preferences should be temporary in nature. When a country supplied 50 per cent or more of United States imports of a particular product or would supply almost $90 million worth of exports of the product concerned (for 1989), this was an indication that the GSP, in most instances, was no longer needed. The effective assumption of international obligations was consistent with the purpose of the GSP and would advance efforts to appropriately address the legitimate developmental, commercial and financial needs of developing countries.

116. He noted that the future of the GSP must take account of the economic modifications which had taken place in all countries over the past 20 years, and certain elements of differentiation must be viewed as permanent, integral parts of the GSP. It would be inappropiate to provide more liberal GSP treatment to those beneficiaries which were more competitive in the 1990s than they had been in the 1970s. He also noted that GSP donor and recipient countries should re-examine the GSP, reflecting on the ability of the GSP to achieve stated goals. Finally, his Government reaffirmed its commitment to the Uruguay Round as a means of strengthening commercial relations between developed and developing countries.

117. The representative of Mexico said that the seventeenth session of the Special Committee was regarded by Mexico as an opportunity to evaluate the GSP and to find adequate mechanisms to improve it within the framework of the principles of its non-reciprocal, non-discriminatory and generalized character. In spite of the positive changes introduced by some preference-giving countries during the last decade, the system had, in general, deteriorated as a result of the introduction of certain features, such as discretionality and conditionality, which were inconsistent with the original principles of the GSP and which had affected the effectiveness of the system. The increase in the application of quantitative limitations and non-tariff measures had also contributed to the deterioration of the system.

118. It was clear from a number of studies that GSP imports could not have a negative impact on the preference-giving countries' economies because the amounts exported under the GSP were quite limited (between one fifth and one quarter of the preference-giving countries' dutiable imports from beneficiaries). There was clearly room for improvement of the system as far as product coverage and the depth of tariff cuts were concerned, and in his Government's view, non-tariff measures should not affect products imported under the GSP. Finally, he underlined the need to have a more predictable and reliable system of preferences.

119. The representative of Cuba said that Cuba regarded the GSP as a useful instrument for facilitating trade between developing and developed countries, as well as an instrument from which importers in preference-giving countries could benefit. However, the GSP in itself was not a panacea for solving all the problems arising from the international economic crisis.

120. Despite some positive changes introduced recently into the schemes, Cuba shared the view that the objectives of the GSP had not been attained. It was therefore necessary to emphasize the need for developing countries to enjoy preferential treatment in international trade, especially in a period when protectionism was increasing and international prices for developing countries' exports were decreasing. The GSP would thus need to be improved and to become more stable and predictable in order better to meet the developing countries' expectations and needs.

121. She expressed her country's disagreement with the idea of applying reciprocity as a condition for receiving GSP benefits and with the practice of utilizing the GSP as a political instrument to extract non-trade-related concessions, an example of that being the exclusion of Cuba from the United States scheme.

122. While stressing the fact that the results of the consultations that had taken place during sessions of the Special Committee had not met the expectations of preference-receiving countries, which meant that the consultation machinery was far from fully attaining its objectives, she expressed her country's appreciation for the opportunity to meet preference-giving countries bilaterally during the present session in a spirit of understanding. It was hoped that the same spirit would prevail when modifications to schemes were evaluated.

123. The representative of Zimbabwe said that his country greatly valued the generalized system of preferences and was of the view that GSP schemes should be maintained, improved and strengthened in the coming decade. The seventeenth session of the Special Committee on Preferences was particularly important, as it was devoted to a comprehensive review of the GSP, the potential of which in terms of expanding trade between developing and developed countries was considerable. If improvements were not made to the system, however, the low utilization rate of the schemes would persist and the opportunities that the schemes afforded would be missed.

124. Of particular interest to Zimbabwe was the issue of product coverage, and preference-giving countries should be more open and receptive to requests to include specific products in their GSP schemes. It was through the extension of product coverage that the utilization of the GSP could be enhanced.

125. Finally, the restrictive effects of non-tariff barriers on trade expansion needed to be recognized. All the benefits that could be realized as a result of tariff preferences could easily be nullified by the extensive use of non-tariff barriers.

126. The representative of Indonesia said that the GSP had played a catalytic role in the expansion of exports, particularly in the area of manufactured and semi-manufactured goods, as well as in the promotion of investment and the development of export-oriented industries in the developing countries.

127. GSP imports had increased because of the improvements made in most of the schemes with regard to product coverage, depth of tariff cut and, to some extent, the rules of origin. However, the GSP was still far from achieving its ultimate objectives, and only a few developing countries, mainly exporters of manufactures, had been major beneficiaries of the system. It was therefore vitally important that the GSP should be extended during the 1990s.

128. Preference-giving countries should continue to improve their autonomous GSP schemes, inter alia through the further expansion of product coverage, particularly with regard to agriculture and labour-intensive industrial products, and further simplification of the schemes themselves. It would also be necessary to reduce and eliminate a priori limitations on GSP-eligible products, as well as to maintain and improve preferential margins. In the same vein, the harmonization and liberalization of the rules of origin would be most desirable, and in particular the adoption of a uniform percentage criterion. The simplification of documentation rules, and the adoption of full and global cumulation, as well as the application of the donor country content rule, could also enhance greatly the utilization of the schemes.

129. His delegation was deeply concerned over the intensification of restrictions on preferential treatment by some preference-giving countries, as well as the continuing differential application of preferential treatment in certain schemes. Another legitimate concern related to the reciprocity policies pursued by some preference-giving countries.

130. Finally, he noted with satisfaction that in fiscal year 1988-1989, his country's GSP exports to the EEC, Japan and the United States had increased by more than 80 per cent compared with the previous year.

131. The representative of Malta said that her country, despite its small size and limited resources, had nevertheless succeeded in recent years in widening its manufacturing base and extending its range of exports, which now included electronic items such as computer chips. Greatly enhanced by the EEC/Malta Association Agreement, exports were mainly concentrated on the EEC. She stressed the point that the GSP had a big role to play in helping Malta increase its exports to other markets. It was suggested that other beneficiaries of the system should consider the GSP as a means to help them diversify their export markets.

132. Although Malta had always recognized the importance of the GSP, its use of the system had been rather limited, mainly because of lack of awareness on the part of exporters. This situation was in the process of being corrected through the establishment by the Government in January 1989 of a focal point to promote exports and international trade development - the Malta Export Trade Corporation. In addition, a GSP national seminar provided by UNCTAD had

recently been held in Malta, and one practical outcome of that seminar had been the conclusion of an agreement under which the Malta Export Trade Corporation would share, through short-term training missions, its expertise with officials from GSP focal points and export promotion offices in other developing countries, most notably the African region. Her country would also be willing to host a regional GSP seminar on the GSP and other trade laws.

133. She noted that the GSP had proved to be an important instrument in attracting foreign private investment into the island. In the setting up of joint ventures, provision for donor country content in the rules of origin of some schemes had proved very effective. Likewise, the provision of global cumulation would be of great importance to small countries with limited resources such as Malta. Moreover, it was pointed out that the concept of regional cumulation applied by certain preference-giving countries differentiated between beneficiary countries which were members of a regional economic grouping and others which, like Malta, were not and which therefore were more restricted in their sourcing of imported inputs. It was suggested that some measures could be taken in this respect. Finally, she echoed the view of UNCTAD's Secretary-General that an expansion of product coverage was perhaps the best means for improving the system during the next decade.

134. The representative of Australia said that Australia had first introduced tariff preferences for developing countries in 1966. The Australian GSP scheme had been revised several times to respond to LDC concerns, and as a result of these revisions, Australia's current GSP scheme was universal in product coverage, established a single margin of preference applying to all designated developing countries, and had no provision for graduation.

135. Regarding rules of origin, the Australian shipment and documentation provisions were both simple and generous. They included full and global cumulation, and "preference-giving country" content and there were no direct shipment nor "form A" requirements.

136. As far as paragraph 46 of the secretariat's review document TD/B/C.5/130 was concerned, it should be noted that Australia had extended GSP status to Poland and Hungary as from 31 December 1989.

137. Given the universal product coverage of the Australian GSP scheme, the inclusion of Australia among countries with "rather modest" extensions of product coverage in paragraph 54 of the same document was inappropriate.

138. The representative of Peru said that the present session of the Special Committee on Preferences was taking place at a crucial moment, since the second decade of operation of the GSP was coming to an end and the Uruguay Round negotiations were in their final stage.

139. She agreed that international trade liberalization, an objective of the Uruguay Round, would be beneficial to all countries. However, another objective of the Round was to achieve a better integration of developing countries into the international trading system, and the results of the negotiations must therefore reflect the legitimate needs of the developing countries, as called for in the Punta del Este Declaration. In this context, it would be highly relevant to maintain the GSP.

140. The GSP had brought considerable trade benefits to developing countries, including Peru, during the 1980s, but the evolution of the system had not been favourable in all respects. For example, the exclusion of competitive suppliers had not benefited less competitive ones and had created instability in the system. In such cases, it would be useful to have to prove injury to domestic industry before excluding a specific product.

141. As indicated by the spokesman for the Group of 77, certain issues such as external indebtedness and balance-of-payments position should be taken into account in the designation of beneficiaries and in the evaluation of the support they needed, as should "development constraints due to other factors". In the case of Peru, these factors concerned problems derived from drug traffic, linked with terrorism. She highlighted the importance of recent initiatives oriented towards providing concrete support at the level of the GSP to countries suffering from this problem. Also, preference-giving countries should take the results of the Uruguay Round into account when making future changes in their GSP schemes, and in this respect they should consider broader product coverage and preferential treatment for non-tariff measures.

142. Finally, her delegation welcomed the opportunity of having bilateral consultations during sessions of the Special Committee, because one of the problems Peru was facing was the lack of up-to-date information.

143. At the Special Committee's 162nd plenary meeting, on 16 May 1990, the spokesman for the Group of 77 (India) introduced draft resolution TD/B/C.5/L.69, relating to agenda items 3, 4, 5 and 7. He emphasized that the draft resolution, if adopted, could provide important inputs for the reviews of some of the major schemes scheduled for the next two or three years. In addition, a successful outcome to the Special Committee's comprehensive review would send a positive signal to the Uruguay Round process.

Chapter II

HARMONIZATION AND IMPROVEMENT OF THE RULES OF ORIGIN

(Agenda item 4)

144. For its consideration of this item, the Special Committee had before it the following documentation:

> "Improvement in the rules of origin, including harmonization, identification and promotion of possible initiatives", report by the UNCTAD secretariat (TD/B/C.5/120 and Corr.1);
>
> "Comprehensive review of the generalized system of preferences, including its implementation, maintenance, improvement and utilization", report by the UNCTAD secretariat (TD/B/C.5/130).

145. At its 158th plenary meeting the Special Committee established a sessional committee of the whole to consider and report on agenda item 4.

Consideration in the Sessional Committee

146. The Chairman recalled that the Sessional Committee had taken over the responsibilities of the Working Group on Rules of Origin. Fresh initiatives were now essential in order to achieve improvements. The increasing need for technical assistance illustrated the complexities of the rules of origin. It was important that the rules be neither too restrictive, in which case they would be an obstacle to trade, nor too liberal and thus encourage transit trade. A fresh approach was particularly important at a time when most donors were in the process of reviewing their schemes for the 1990s; constructive proposals were no doubt now being considered in capitals. The secretariat (in document TD/B/C.5/120) had proposed some innovative approaches relevant to the current needs. This could form the basis for discussions.

147. The spokesman for Group D (Hungary) said that in order to achieve the original objectives of the GSP, preference-giving countries had to adopt a single, harmonized set of rules of origin that would be simple to apply. This aim had been reiterated in various UNCTAD resolutions calling for further liberalization of the rules, bearing in mind the special needs of developing countries. Rules of origin were a central feature of the GSP. Preference-giving countries members of Group D had signed an agreement in 1980 on uniform rules for determining the origin of goods from developing countries. Based on the value-added criterion, these rules provided for full and global cumulation. Group D was nevertheless ready to examine any suggestions for the improvement of the rules of origin.

148. The spokesman for the Group of 77 (Algeria) emphasized the need to adopt significant, practical measures to improve the rules of origin, which remained restrictive, complex and diverse despite their improvement and simplification in some schemes, as indicated in secretariat document TD/B/C.5/130. The dichotomy between process and percentage criteria in the definition of "substantial transformation" continued to prevent beneficiaries from taking full advantage of the different schemes. Such complications were especially serious for the least developed countries and others with limited resources. This situation had been described as a "stalemate" by the Working Group at its tenth session and did not seem to have changed in 1987 or indeed since. Apart from a degree of harmonization achieved by preference-giving countries using

the process criteria and by those of Eastern Europe using the percentage criteria, the rules had remained much the same as when the GSP had been introduced nearly 20 years ago, i.e. excessively restrictive, unduly complex and diverse. Hence, it was incumbent on the Committee to pursue purposeful discussions and to achieve a breakthrough by reaching agreement on positive and concrete improvement to the rules.

149. The ultimate objective, as had already been established by the Working Group, was the adoption of a "uniform and clear definition of the concept of substantial transformation". Realization of this goal, as indicated in the secretariat report (document TD/B/C.5/130, para. 83), had been facilitated by the universal application of the Harmonized System of nomenclature by all preference-giving countries. The preference-giving countries concerned could consider the wider use of process criteria and, in due course, standardization of the rules of origin.

150. Pending progress in this direction, a wide range of possible improvements, as described in secretariat document TD/B/C.5/120, could secure better harmonization, simplification and liberalization. The secretariat document also proposed initiatives, giving recent information about difficulties encountered by preference-receiving countries, along with comments and suggestions on courses of action. A proposal had been made to accord priority to those initiatives likely to encounter the least difficulty regarding implementation by preference-giving countries. The Group of 77 wished to recall that at the last meeting of the Sessional Committee it had expressed support for the new approach suggested by the secretariat but, in response to a suggestion by some preference-giving countries, had agreed to defer substantive discussion until the present session.

151. The Group of 77 saw no reason to re-open debate on the grounds for making improvements to the rules. The elements were clearly defined in the secretariat document, i.e. in respect of harmonization, especially the percentage criterion (excepting that applied by the preference-giving countries of Eastern Europe), extension of the concept of donor country content, general application of the full and global cumulation provision, liberalization of the percentage and process criteria (including the 5 per cent rate applied under various headings of chapters 84-91 of the Harmonized System) and simplification (including that of documentation). As concerns documentation, attention should be drawn to the experience (see document TD/B/C.5/126) of temporary relaxation granted by preference-giving countries using the process criterion at the time the HS system had been introduced. The question still remained open of special arrangements for the least developed countries, where the restrictions and complexities of the rules of origin presented particular difficulties.

152. With the co-operation of the preference-giving countries, the Group of 77 wished to examine each of the possible initiatives as proposed in document TD/B/C.5/120 in such a way as to identify (a) first those deemed capable of implementation in the near future; (b) then those which presented greater difficulties for implementation; (c) and finally the remainder to be set aside for further consideration at a later date.

153. The representative of China stated that Conference resolution 159 (VI) should be used by the preference-giving countries as guidance for improving, harmonizing and simplifying the rules of origin. While some progress had been

made, the existing rules of origin were confusing, divergent and excessively restrictive and thus impeded the effective utilization of the GSP. Various additional rules of origin still existed, thus preventing some products from benefiting from the GSP.

154. He noted that, following the introduction of the Harmonized Commodity Description and Coding System, some improvements had been made. The previous lists A and B had been merged into a single list, and the original four columns had been reduced to three. Nevertheless, the introduction of the HS had not produced any relaxation of origin criteria. The percentage criterion still existed, which prevented some industrial products from enjoying GSP treatment. He hoped that the process criterion would be gradually replaced by the percentage criterion, which should in all cases provide for an import content not exceeding 50 per cent of the FOB export value.

155. The application of the preference-giving country content rule would contribute to the export expansion of preference-receiving countries, including trade between them and with developed countries. It would also promote foreign investment by the preference-giving countries. The full and global cumulation rule should promote the export expansion of the developing countries and the enhancement of economic co-operation. Moreover, it should be applied generally and as soon as possible.

156. The spokesman for Group B (Japan) said that only products originating in preference-receiving countries should receive preferential tariff treatment. He welcomed the initiatives suggested by the secretariat (in document TD/B/C.5/120) as providing a good basis for further discussions. He agreed that a new approach was needed to guide the Committee in the selection of areas for consideration. An in-depth analysis by the secretariat would help in identifying feasible measures. Group B was prepared to consider all possibilities for improving the rules of origin in areas of interest to preference-receiving countries.

157. The spokesman for the European Economic Community said that while secretariat document TD/B/C.5/120 provided a good basis for discussion, the EEC was in the process of reviewing the rules of origin in its GSP scheme and could not predict the outcome as yet. As the review was taking into account the proposals set out in the secretariat document, however, an indication of the EEC position on some questions could be given.

158. The transitional arrangements connected with the introduction of HS-based origin rules concerning the completion of Box 8 had ceased to apply in EEC countries as from 1 January 1990, in company with Japan. The four-digit HS heading of the exported product now had to be inserted in Form A for sufficiently processed products. With reference to document TD/B/C.5/120, as regards the item concerning the procedure for handling requests for changes in particular origin rules, it was noted that the procedure had proved satisfactory and was expected to be continued. As for full and global cumulation, although the Community's views had not changed, the subject remained under consideration; serious administrative problems were foreseen in the operation of such arrangements. The Community had improved the regional cumulation system for ASEAN countries, the only group which had, as yet, completed the necessary formalities so as to benefit from the new system. EEC was also considering, in the context of its review of the GSP origin rules, the introduction of donor country content and further liberalization of individual rules of origin.

Action by the Sessional Committee

159. At the Sessional Committee's 3rd meeting on 18 May 1990, the Chairman introduced draft agreed conclusions (TD/B/C.5(XVII)/SC/L.1).

160. At the same meeting, the Sessional Committee adopted the draft agreed conclusions, and authorized the Chairman to recommend them to the Special Committee on Preferences for adoption. (For the action by the Special Committee on the draft agreed conclusions, see para. 222 below. For the agreed conclusions, see annex I.)

161. The spokesman for the European Economic Community noted that, with regard to terminology in paragraph 3 of the draft agreed conclusions, the Community would understand "substantial transformation" to be "sufficient working and processing".

162. At its 4th meeting, on 22 May 1990, the Sessional Committee adopted its draft report (TD/B/C.5(XVII)/SC/L.2) and authorized the Rapporteur to complete the report as appropriate.

Closing statements

163. The spokesman for the Group of 77 (Algeria) stated that, for preference-receiving countries, there were two urgent concerns calling for rapid and positive decisions by preference-giving countries. The first related to documentation, particularly the question of suppressing, by way of simplification, Box 8 in Form A, which had not been examined by the Sessional Committee. In order to facilitate the introduction of rules of origin based on the Harmonized System, preference-giving countries applying the process criteria had waived this requirement for a period of two years (from 1 January 1988 to 31 December 1989). Preference-giving countries responding to a secretariat questionnaire on this subject (TD/B/C.5/126) had indicated that the effect of this suspension had not posed particular difficulties. Hence the Group of 77 was once again requesting, if not the complete suppression of Box 8 in Form A, at least an extension of the transition arrangements for a further two years.

164. The second concern had to do with special arrangements favouring the least developed countries. According to document TD/B/C.5/120, there was no disagreement that, for the least developed countries, the rules of origin in the generalized system of preference were both too strict and too complicated. Thus, in accordance with paragraph 20 of Conference resolution 159 (VI), preference-giving countries should pay special attention to the problems of the least developed countries in this regard. The Group of 77 commended the measures taken by the EEC and Canada to this end, and called upon other preference-giving countries to follow suit.

165. The spokesman for Group B (Japan), noting that the rules of origin were highly technical, observed that the GSP assistance programme was justified and that consideration would be given to the rules of origin.

166. The spokesman for Group D (Hungary) called for further efforts towards improvements in the rules of origin.

167. The representative of China reiterated an appeal for further liberalization in the rules of origin.

Chapter III

TECHNICAL ASSISTANCE IN CONNECTION WITH THE GENERALIZED SYSTEM OF PREFERENCES

(Agenda item 5)

168. For its consideration of this item, the Special Committee had before it the following documentation: "Technical co-operation in connection with the generalized system of preferences: report by the UNCTAD secretariat" (TD/B/C.5/128).

169. The spokesman for the Group of 77 (India) expressed his Group's appreciation to the UNCTAD secretariat for its valuable technical co-operation programme. The programme had brought concrete benefits to preference-receiving countries and had helped them to monitor, understand and make better use of the existing schemes in all their complexity, changeability and diversity. His Group expressed its appreciation for the technical assistance provided in the field of GSP and urged that the necessary resources continue to be provided.

170. The representative of China noted that technical assistance related to the GSP had played a positive role in helping GSP beneficiaries to understand and make full use of the system. He expressed his delegation's appreciation to UNCTAD, UNDP and many countries for the large amount of effective work they had done in this field.

171. As long as there was a need to maintain and improve GSP schemes, there would be a need to carry out the relevant technical assistance, and since such technical assistance was very important to the full utilization of the GSP, it must be further strengthened. In this connection, his delegation believed that the activities most needed would be activities aimed at helping beneficiaries to understand the new harmonized commodity description and coding system (HS), the compilation of comprehensive handbooks on the latest GSP programmes of all the preference-giving countries, and the organization of seminars in the developing countries to exchange experience in respect of the utilization of the GSP.

172. Technical assistance related to the GSP was a complicated and arduous task, and the efforts being made still fell short of meeting the needs. His delegation therefore called on all preference-giving countries to provide more assistance, while for their part, the preference-receiving countries should also provide support where possible as a gesture of co-operation.

173. The spokesman for Group B (Netherlands) said that his Group had traditionally taken a positive view of the technical assistance carried out by the UNCTAD secretariat in the field of the GSP. Group B believed that this useful work should continue, and they had taken note of the concerns expressed by the secretariat with regard to the financial situation of the general trust fund covering the Geneva-based central GSP programme.

174. The spokesman for Group D (Hungary) said that technical assistance constituted an integral part of the GSP. Through its technical co-operation programmes, the secretariat played an instrumental role in advising beneficiary countries how to make more effective and wider utilization of individual schemes.

175. The representative of Japan announced that his Government had decided to fund the UNCTAD GSP seminars to be held in Poland and Hungary in 1990. The funding would be made from the Japan Human Resource Cost Sharing Programme of UNDP, subject to approval by UNDP.

176. The UNCTAD technical co-operation programme in the field of the GSP was useful for the more effective and wider utilization of the system. Accordingly, Japan had sent a GSP and Other Trade Laws Expert to the UNCTAD secretariat, and it had also sent an Associate Expert to the UNCTAD/UNDP Regional GSP Project for Asia and the Pacific. Two regional seminars held in 1989, one in Morocco for Maghreb countries and the other in St. Vincent and the Grenadines for Central American and Caribbean countries and territories, had been financed by Japan. Finally, his Government was preparing pamphlets on Japan's scheme in English for fiscal year 1990.

177. The representative of Switzerland said that the results of the activities undertaken within the framework of the technical assistance programme were encouraging and demonstrated the developing countries' interest in the GSP. His country regarded those activities as a means of responding directly to the needs of exporters in the countries concerned, and it would therefore continue to support the technical assistance programme.

178. The representative of Sweden said that her Government considered the GSP technical assistance activities to be of great value and believed that that kind of technical assistance was a concrete means for helping the developing countries to achieve a better knowledge of the various GSP schemes and thus improve their export possibilities. Sweden had contributed $US 40,000 per year for a number of years to the general Trust Fund, and the same amount would be granted for a further two-year period. Her country had also provided experts for GSP seminars on numerous occasions, and it had financed some UNCTAD GSP seminars. She confirmed her country's readiness to continue supporting GSP technical co-operation activities.

179. The representative of Canada indicated that his Government had been providing support to the GSP technical assistance project since 1974 and had participated in UNCTAD-sponsored seminars as time and resources had permitted. While his country's support had decreased lately as a result of fiscal austerity measures, Canadian officials had continued to attend seminars held in the period 1989-1990. A Canadian official had attended a seminar organized in Thailand, and Canada had organized 10 seminars for the ASEAN countries on its GSP scheme and handicrafts concession. Canada would participate in the GSP seminars in Poland and Hungary planned for 1990.

180. The representative of Egypt expressed his appreciation to the UNCTAD secretariat for developing the very important GSP technical co-operation programme. He also expressed his thanks to all donor countries for their support for the programme, which attempted to explain the complexity of the GSP to beneficiary countries. He noted that document TD/B/C.5/128 indicated that increased efforts and resources had been allocated to the Africa region. Finally, his delegation recommended the publication of uniform standardized handbooks covering all schemes in order to assist small exporters who could benefit from the GSP.

181. The representative of the Union of Soviet Socialist Republics said that, in view of the difficulties that might arise for the developing countries in

connection with the new customs laws of the USSR and in order to avoid such difficulties, it would be useful to organize seminars on the new Soviet customs legislation within the framework of the secretariat's technical assistance programmes. If there was interest in such seminars, his country would consider the possibility of providing experts in that connection.

182. The representative of Venezuela expressed his country's appreciation to UNCTAD, other organizations and the preference-giving countries for providing technical assistance aimed at promoting the fuller utilization of the GSP by developing countries.

183. The representative of Norway expressed his appreciation to the UNCTAD secretariat for its technical assistance programme on the GSP, to which Norway had contributed in the past and would make another general contribution of $US 25,000 in 1990.

184. He looked forward to receiving an evaluation of the programme prior to the next session of the Special Committee, as called for in the decision taken by the Special Committee at its last session. Developing country exporters interested in obtaining more detailed information on the Norwegian market were invited to contact NORIMPOD, the Norwegian import promotion office for products from developing countries.

185. The representative of Nigeria said that the issue of technical assistance should have been accorded higher priority. More technical assistance was needed to enable Governments of developing countries, particularly in Africa, to disseminate information and technical skills to various sectors, especially the business sector. There was also an urgent need for greater dissemination of information to make the public aware of the importance of the GSP for developing countries. In this regard, his delegation appreciated the efforts which had been made by UNCTAD in organizing seminars in different countries in Africa, including his country. That seminar had helped greatly to enlighten both the public and the private sectors on the usefulness of the GSP and the benefits it offered in the expansion of trade. He also thanked all donor Governments.

186. His Government was in the process of establishing a national GSP project which would require technical assistance from UNCTAD and financial support from UNDP. He welcomed the current GSP technical assistance programme implemented by UNCTAD with UNDP financing in the African region. He hoped that UNDP, in its evaluation of the programme, would give favourable consideration to its extension and funding.

187. The representative of Sri Lanka expressed his Government's appreciation to the UNCTAD technical assistance programme on the GSP. Due to the complexity and changing character of the GSP schemes, preference-receiving countries needed the provision of training on a continuous basis. He also expressed his country's appreciation for the national training seminar held in Colombo in March 1990 under the UNDP/UNCTAD Regional GSP Project for Asia and the Pacific, and he thanked preference-giving countries for their contribution to the UNCTAD technical assistance programme and requested their continuing support.

188. The representative of the European Economic Community said that efforts to simplify the GSP schemes would be in vain if the beneficiary countries

failed to create the technical and administrative conditions for the schemes' optimal use. For its part, the Community would continue its support for technical assistance.

189. The representative of Ecuador expressed her country's appreciation to the UNCTAD secretariat for its technical assistance programme and said that her country was interested in organizing a national seminar on the GSP for both the private and the public sectors. Financial assistance from developed countries in support of this initiative would be welcomed.

190. The representative of Finland noted that genuine efforts to improve the knowledge of export opportunites under the Finnish scheme had been made over the years through participation in country missions organized within the framework of UNCTAD GSP projects, as well as the publication of guidebooks aimed at promoting exports from beneficiaries.

191. The GSP as such could not be analysed in isolation from other factors. Trade promotion effects also had to be taken into account, and in this context he drew attention to the activities of the Trade Promotion Center Prodec-Import which, since 1968, had concentrated on promoting imports from developing countries. Annual training courses in Finland for customs officials from developing countries were an example of technical assistance activities where the GSP was also included.

192. The representative of India said that India had found UNCTAD's technical assistance programme very useful. India therefore requested UNDP and all preference-giving countries to continue to provide their support, so that this programme could continue into the 1990s.

193. The representative of Romania said that the economic transformation taking place in her country made it possible for economic operators to engage directly in foreign trade transactions. Technical assistance was therefore essential to help the small and medium-sized enterprises concerned as they began their activity. Such assistance should be designed to show private exporters how to benefit from preference schemes.

194. The representative of Hungary said that the mechanism for consultations and the workshops and seminars organized by the UNCTAD secretariat were of great value, and they should be continued in the future. In this regard, Hungary expressed its thanks to those Governments which had promised financial assistance in the field of GSP.

195. The representative of the United States said that his country had both promoted and participated in UNCTAD technical assistance activities. Over the past year, the United States had funded a regional seminar for SADCC countries and had participated in UNCTAD regional seminars in Kenya, Zimbabwe, Costa Rica and Morocco. In fact, the United States had been the second largest in-kind contributor to the UNCTAD technical assistance programme through the participation of United States embassy staff or Washington-based GSP experts at 16 UNCTAD-sponsored GSP seminars in 15 countries. On a bilateral basis, seminars had been conducted in the Philippines, Bolivia, Colombia, Ecuador, Peru, Turkey, Hungary, Poland, Tunisia, Costa Rica and Venezuela.

196. Finally, the United States had periodically published a free guidebook on its GSP scheme, and the UNCTAD secretariat had recently published that guidebook in three official United Nations languages.

197. The representative of Mexico said that the UNCTAD technical assistance programme was not in a position to respond to all the requests for training activities coming from developing countries because of lack of sufficient funds. In order to overcome this difficulty, he urged preference-giving countries to continue financing technical co-operation activities. He also stressed his Government's full support for the establishment of a UNDP/UNCTAD regional office for Latin America and the Caribbean in order to help the region in the better utilization of the GSP.

198. The representative of Cuba expressed her country's appreciation for the support given by the UNCTAD technical assistance programme for the organization of GSP seminars in Cuba and stressed that, as a result of these exercises, her country enjoyed a better knowledge of the GSP and had consequently made better use of it.

199. The representative of Zimbabwe stressed the importance of technical assistance for developing countries. Zimbabwe was host to the GSP regional office for Africa, and the office was doing commendable work in providing advice to the Government and the business community. A number of seminars had been organized in Africa, and Zimbabwe believed that this would go a long way towards bridging the information gap in this area and would generate interest in participating in the GSP. Zimbabwe therefore called for continued support for technical assistance.

200. The representative of Indonesia said that his country had received technical assistance from the UNCTAD secretariat through the provision of experts and the organization of various seminars and workshops at the national and regional level. These had increased understanding of the schemes and improved technical skills, both in the public and in the private sectors.

201. He expressed his appreciation to the UNCTAD secretariat for its technical assistance and to UNDP for its agreement to finance the Indonesian national GSP project. He hoped that technical assistance would continued to be provided by both UNCTAD and UNDP, as well as by individual donor countries, so that developing countries could fulfil their expectations in furthering economic growth and development.

202. The representative of Malta expressed her country's appreciation for the technical assistance received from UNCTAD in respect of the GSP and other trade laws. The first GSP seminar held in Malta in April 1990 had proved very successful, and enquiries regarding GSP utilization were being received regularly from potential investors and local industrialists. Handbooks provided by UNCTAD and donor countries were very useful.

203. The representative of Australia said that his country intended to continue its support for the technical assistance programme on GSP through contributions in kind to the extent possible. The handbook on Australia's GSP scheme had recently been updated and was available from the secretariat.

Chapter IV

OTHER BUSINESS

(Agenda item 7)

204. Under agenda item 7, the Special Committee had before it the following documentation:

> "Feasibility study for providing exporters and importers consolidated computerized information on the generalized system of preferences: study by the UNCTAD secretariat" (TD/B/C.5/129).

205. The spokesman for the Group of 77 (India) said that the Group of 77 appreciated the study prepared by the UNCTAD secretariat on the feasibility of providing exporters and importers with consolidated computerized information on the GSP. Such information would enable information about existing GSP schemes to be supplied to both exporters and importers in a practical way, whilst also keeping them up to date about changes carried out from time to time. His Group believed that the project outlined by the secretariat would be cost-effective, easy to operate and user-friendly. He therefore requested that the Committee adopt a recommendation to UNDP and to donor countries to fund an eminently worthwhile project.

206. The representative of China said that document TD/B/C.5/129 presented a comprehensive and objective analysis of the feasibility of the computerization of GSP data. Computerization of GSP data was undoubtedly an important tool for the effective utilization of the GSP, and it was also one of the most important projects in the field of transfer of technology within UNCTAD. His delegation hoped that, on the basis of this feasibility study, the relevant expert and software expert would be mobilized speedily, so that the project could be realized at the earliest possible date in order to satisfy the needs of the developing countries in respect of the effective utilization of the GSP.

207. The spokesman for Group B (Netherlands) said the feasibility study on consolidating computerized information on the GSP pointed to some useful potential applications of a user-friendly data base in facilitating the utilization of the GSP by exporters from beneficiary countries. His Group was prepared to discuss the feasibility study.

208. The representative of Switzerland expressed his interest in the feasibility study on a GSP computerized information system carried out by the UNCTAD secretariat. A number of issues remained to be dealt with, in particular with regard to the procurement of data by UNCTAD and the handling of diskettes in each country. His country regarded the project as a method of providing developing countries' exporters with fast and cheap access to the GSP. Means of ensuring continuous and adequate data monitoring should be devised to ensure accuracy.

209. The representative of Sweden expressed her Government's interest in the feasibility study on computerized information on GSP prepared by the UNCTAD secretariat. She stressed the importance of having a system which was user-friendly for ease of use in developing countries. Training in this regard could, inter alia, be provided to developing countries during GSP seminars.

210. The representative of Egypt, referring to document TD/B/C.5/129, indicated his interest in the consolidated computer data system on the GSP, which would provide annual free information on computer diskettes for users.

211. The representative of Norway said that the proposed establishment of the computerized system raised a number of questions with regard to its financing, the scope of the information to be included, and what purposes the data base should serve. However, a computerized information system seemed to be something that could be fitted into the technical assistance activities of UNCTAD.

212. The representative of Sri Lanka said that his Government believed that the computerized data base programme in respect of the GSP would provide a good instrument for meeting the needs of preference-receiving countries in terms of making more effective use of the system.

213. The representative of Ecuador expressed her country's appreciation for the proposal concerning the setting up of a computerized data system on the GSP.

214. The representative of India, referring to the feasibility study prepared by UNCTAD, said that his country supported the proposed project for establishing a system which would enable officials responsible for both trade and industry to obtain comprehensive computerized information on GSP schemes, and he stressed that the utility of the project would depend upon the extent to which the data were kept up to date.

215. The representative of the United States said that the proposal regarding a consolidated computerized data base on GSP represented a significant improvement over the terms of discussions on that subject at the fifteenth and sixteenth sessions of the Special Committee. He was pleased to note that the secretariat's study reflected increased attention to the practical issues raised by his delegation regarding the development and intended use of the data base. His delegation was prepared to engage in further constructive discussion on the matter.

216. The representative of Mexico expressed his country's appreciation for the proposal to develop a computerized information system on the GSP.

217. The representative of Peru expressed her country's appreciation for the proposed project to set up a computerized system of information related to the GSP with provision for direct access by traders. Such a system represented the most practical way of ensuring access to the necessary information.

Chapter V

PROCEEDINGS OF THE 164th (CLOSING) PLENARY MEETING

A. Action by the Special Committee on Preferences on agenda items 3, 4, 5 and 7

218. At the Special Committee's 164th (closing) plenary meeting, on 22 May 1990, the Chairman introduced draft resolution TD/B/C.5/L.71 relating to agenda items 3, 4, 5 and 7.

219. At the same meeting, the Special Committee adopted draft resolution TD/B/C.5/L.71 (for the text of the resolution, see resolution 11 (XVII) in annex I).

220. Draft resolution TD/B/C.5/L.69 (see para. 143 above) was then withdrawn by its sponsors.

B. Report of the Sessional Committee on agenda item 4

221. At the Special Committee's 164th (closing) plenary meeting, on 22 May 1990, the Vice-Chairman-cum-Rapporteur of the Sessional Committee introduced the report of the Sessional Committee on agenda item 4 (TD/B/C.5(XVII)/SC/L.2), with some amendments and subject to completion to take account of the Sessional Committee's closing meeting, and presented for adoption by the Special Committee the draft agreed conclusions approved by the Sessional Committee (TD/B/C.5(XVII)/SC/L.1).

Action by the Special Committee on Preferences

222. At the same meeting, the Special Committee on Preferences adopted the draft agreed conclusions contained in document TD/B/C.5(XVII)/SC/L.1 (for the text of the agreed conclusions, see agreed conclusions 12 (XVII) in annex I).

223. The Special Committee also took note of the report of the Sessional Committee (TD/B/C.5(XVII)/SC/L.2), as amended and subject to completion. The text of the Sessional Committee's report was subsequently incorporated into the report of the Special Committee on Preferences on its seventeenth session (see chapter II above).

C. Concluding statements

224. The spokesman for the Group of 77 (India) expressed satisfaction with the constructive outcome of the comprehensive review of the GSP. That outcome would provide a positive political impulse for co-operation in trade. Her Group welcomed the renewed commitment to the GSP in the 1990s which could be seen in the statements made by preference-giving countries and in the resolution adopted by the Special Committee. The objectives of the GSP had been revalidated, and the need for strict compliance with the multilaterally agreed principles of the GSP by preference-giving countries had been reaffirmed. It had been recognized that the full potential of the GSP remained to be exploited and that greater efforts therefore needed to be made in that connection by both preference-giving and preference-receiving

countries. It must be noted that the preference-giving countries had expressed their resolve to make meaningful improvements to their schemes.

225. With regard to the improvements sought by the Group of 77, the commitment expressed during the Special Committee's deliberations with regard to expanding product coverage and maintaining effective tariff margins was welcome. Some progress had been made with regard to a priori limitations and restrictions and with regard to the use of safeguard actions only in accordance with Board decision 75 (S-IV), in exceptional circumstances and on the basis of objective criteria. The recognition that NTMs detracted from schemes was also welcome, since it represented a first step towards dealing with the problem. Finally, her Group welcomed the launching of the project on computerized GSP data and hoped that funds would be forthcoming from preference-giving countries in that connection.

226. The representative of China said that the Special Committee had succeeded in carrying out a comprehensive and objective assessment of the GSP, and in its resolution and agreed conclusions it had emphasized that the GSP should be maintained, strengthened and improved in the 1990s. That was to be welcomed.

227. Recent developments in the GSP had given serious cause for concern. The system had been eroded not only by objective developments in world trade but also by limitations and restrictions introduced into schemes. It was therefore essential to underline the basic principles underlying the GSP, namely its non-discriminatory, non-reciprocal and generalized nature. Those principles had been established when the GSP was born and must remain unchanged, and specific measures should be taken to improve the GSP in the 1990s.

228. The spokesman for Group D (Hungary) said his Group was convinced that, proceeding on the basis of the resolution just adopted by the Special Committee, preference-giving and preference-receiving countries alike would contribute to the full achievement of the goals of the GSP. Group D countries, whether preference-giving or both preference-giving and preference-receiving countries, would spare no effort to ensure that the GSP played its role in the expansion of international trade.

229. The Chairman said that the resolution just adopted by the Special Committee was a positive one which covered a wide range of issues and provided guidance to both preference-giving and preference-receiving countries concerning the operation of the GSP during the 1990s. Such an action-oriented outcome was all the more important in view of the ongoing multilateral trade negotiations in the Uruguay Round, which would hopefully set the stage for international trade relations in the future. The views expressed during the Special Committee's deliberations reflected the renewed vigour and commitment on the part of both preference-giving and preference-receiving countries with regard to the objectives and endeavours of the GSP.

230. Finally, he reported that, during the Special Committee's seventeenth session, 103 bilateral consultations had taken place on individual schemes, involving 16 preference-giving and 15 preference-receiving countries. Those consultations had been deemed highly practical and successful by all parties concerned.

Chapter VI

ORGANIZATIONAL MATTERS

A. Opening of the session

231. The seventeenth session of the Special Committee on Preferences was opened by Mr. K. Natsume (Japan), Vice-Chairman of the Special Committee at its sixteenth session.

B. Election of officers (Agenda item 1)

232. At its 157th (opening) plenary meeting, on 14 May 1990, the Special Committee elected its bureau, as follows:

Chairman:	Mr. G. M. Chipare	(Zimbabwe)
Vice-Chairmen:	Ms. P. Andrade	(Ecuador)
	Mr. A. Brahime	(Morocco)
	Ms. L. B. Gatan	(Philippines)
	Mr. V. Kouvchinov	(USSR)
	Mrs. T. Willekens	(Belgium)
Rapporteur:	Mrs. J. Bruce	(United States)

C. Adoption of the agenda and organization of work (Agenda item 2)

233. Also at its 157th plenary meeting, the Special Committee adopted its provisional agenda (TD/B/C.5/127), as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Comprehensive review of the generalized system of preferences, including its implementation, maintenance, improvement and utilization
4. Harmonization and improvement of the rules of origin
5. Technical assistance in connection with the generalized system of preferences
6. Provisional agenda for the eighteenth session of the Special Committee on Preferences
7. Other business
8. Adoption of the report of the Special Committee on Preferences to the Trade and Development Board.

234. At its 158th plenary meeting, on 14 May 1990, the Special Committee, acting in accordance with Trade and Development Board resolution 352 (XXXIV), established a sessional committee of the whole to consider and report on agenda item 4.

235. At its 1st and resumed 1st meetings, on 14 and 17 May 1990, the Sessional Committee elected the following Bureau:

Chairman: Mr. S. Langstrom (Finland)

Vice-Chairman-cum-Rapporteur: Mr. M. Nogaj (Poland)

236. The Sessional Committee held four meetings, from 14 to 23 May 1990.

D. Attendance */

237. The following States members of UNCTAD were represented at the session: Algeria; Angola; Argentina; Australia; Austria; Bangladesh; Belgium; Bolivia; Brazil; Bulgaria; Cameroon; Canada; Chile; China; Côte d'Ivoire; Cuba; Czechoslovakia; Democratic People's Republic of Korea; Denmark; Ecuador; Egypt; El Salvador; Ethiopia; Finland; France; German Democratic Republic; Germany, Federal Republic of; Ghana; Greece; Guatemala; Honduras; Hungary; India; Indonesia; Iran, Islamic Republic of; Iraq; Ireland; Italy; Japan; Jordan; Kenya; Lebanon; Libyan Arab Jamahiriya; Madagascar; Malta; Mexico; Morocco; Netherlands; New Zealand; Nicaragua; Nigeria; Norway; Pakistan; Peru; Philippines; Poland; Portugal; Qatar; Republic of Korea; Romania; Saudi Arabia; Senegal; Singapore; Somalia; Spain; Sri Lanka; Sweden; Switzerland; Syrian Arab Republic; Thailand; Tunisia; Turkey; Union of Soviet Socialist Republics; United Kingdom of Great Britain and Northern Ireland; United Republic of Tanzania; United States of America; Uruguay; Venezuela; Viet Nam; Yugoslavia; Zimbabwe.

238. The United Nations Development Programme was represented at the session.

239. The following specialized and related agencies were represented at the session: World Bank; International Monetary Fund. The General Agreement on Tariffs and Trade was also represented.

240. The following intergovernmental organizations were represented at the session: African, Caribbean and Pacific Group of States; Commonwealth Secretariat; European Economic Community; League of Arab States; Organization of African Unity.

E. Credentials

(Agenda item 7)

241. At its 164th plenary meeting, on 22 May 1990, the Special Committee on Preferences took note of the report of the Bureau on credentials (TD/B/C.5/131).

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*/ For the list of participants, see TD/B/C.5/INF.17.

F. Provisional agenda for the eighteenth session of the Special Committee on Preferences

(Agenda item 6)

242. At its 164th plenary meeting, on 22 May 1990, the Special Committee adopted the draft provisional agenda for its eighteenth session (subsequently issued as TD/B/C.5/L.72). For the text of the provisional agenda for the eighteenth session, see annex II.

G. Adoption of the Report of the Special Committee on Preferences to the Trade and Development Board

(Agenda item 8)

243. At its 164th (closing) plenary meeting, on 22 May 199), the Special Committee adopted the draft report on its seventeenth session (TD/B/C.5/L.70 and Add.1-3), with some amendments, and authorized the Rapporteur to complete the final text as appropriate.

Annex I

RESOLUTION ADOPTED BY THE SPECIAL COMMITTEE ON PREFERENCES ON AGENDA ITEMS 3, 4, 5 AND 7 AND AGREED CONCLUSIONS ON AGENDA ITEM 4

Resolution 11 (XVII)

The Special Committee on Preferences,

Recalling Conference resolution 21 (II), relevant provisions of Conference resolution 159 (VI) and of the Final Act of UNCTAD VII relating to the GSP, and the Agreed Conclusions annexed to Trade and Development Board decision 75 (S-IV) and its decision 9 (XVI),

Reaffirming its commitment to the GSP, recalling the objectives of the GSP, stressing its importance as an instrument for expansion of international trade, and, looking ahead into the 1990s, noting the important changes taking place in the global economy,

Stressing the importance of a balanced and successful outcome of multilateral trade negotiations in the Uruguay Round,

1. Reaffirms the agreement in its decision 9 (XVI) in respect of multilaterally agreed principles of the GSP;

2. Recognizes that the objectives of the GSP have not been fully achieved and therefore there is a need to ensure that the GSP achieves its full potential, that preference-giving countries maintain, strengthen and improve their autonomous schemes and that developing countries make complementary efforts to utilize as fully as possible the benefits from the potential trade advantages created by the GSP;

3. With a view to improving the effectiveness of the GSP, recommends that preference-giving countries consider expanding and improving the product coverage of their schemes, and, where possible, ensure inclusion of additional products of current and potential export interest to developing countries, so as to maximize the benefits to preference-receiving countries, and recommends also that preference-giving countries consider granting deeper tariff cuts aimed, where possible, at duty-free treatment under the GSP;

4. Urges preference-giving countries to strive to reduce a priori limitations and restrictions on preferential imports and impart stability and predictability to the schemes;

5. Recommends that safeguard measures in the context of the GSP, if taken, be in accordance with the annex to Board decision 75 (S-IV), and be based on objective criteria and transparent procedures;

6. Recognizes that non-tariff measures linked to GSP schemes can significantly reduce the benefits from those schemes;

7. Recommends that preference-giving countries continue considering simplification and improvement of their rules of origin;

8. Agrees that special consideration should be given to products of export interest to least developed countries, in particular by the provision of duty-free access, while undertaking measures in the field of GSP;

9. Notes with appreciation technical co-operation activities of UNCTAD in connection with the GSP and, in view of the increased demand for this type of co-operation, calls upon countries to consider providing resources in their support, with special attention to the needs of the least developed countries; also invites UNDP to consider favourably the request for providing adequate financial resources for the GSP technical assistance programme of UNCTAD;

10. Welcomes the feasibility study on providing exporters and importers with consolidated computerized information on the generalized system of preferences and calls upon UNDP and countries to consider favourably providing necessary funding support for the proposed project.

164th meeting
22 May 1990

Agreed conclusions 12 (XVII), Harmonization and improvement of the rules of origin

The Special Committee on Preferences, at its seventeenth session,

1. Agreed that, in order to respond to Conference resolution 159 (VI), section III, paragraph 18, a progressive and item-by-item examination of possible initiatives based upon secretariat document TD/B/C.5/120 relating to improvements in existing rules of origin should be pursued by the Sessional Committee in its future deliberations;

2. Noted the adoption of the Harmonized Commodity Description and Coding System (HS) by all preference-giving countries;

3. Agreed that:

(i) Consideration should be given in the course of the next review to examining the current definitions of "substantial transformation", namely the process criterion and the percentage criterion;

(ii) Preference-giving countries, in the course of their review of their schemes, should examine both definitions in the light of their experience over two decades and exchange views thereon during a future session of the Special Committee on Preferences.

164th meeting
22 May 1990

Annex II

PROVISIONAL AGENDA FOR THE EIGHTEENTH SESSION
OF THE SPECIAL COMMITTEE ON PREFERENCES

1. Election of officers

2. Adoption of the agenda and organization of work

3. Review of the implementation, maintenance, improvement and utilization of the generalized system of preferences

4. Consultations on harmonization and improvement of the rules of origin

5. Technical assistance in connection with the generalized system of preferences

6. Provisional agenda for the nineteenth session of the Special Committee on Preferences

7. Other business

8. Adoption of the report of the Special Committee on Preferences to the Trade and Development Board.

Annex III

CHECKLIST OF DOCUMENTS

Document No.	Title	Agenda item
TD/B/C.5/120 and Corr.1	Improvement in the rules of origin, including harmonization, identification and promotion of possible initiatives: report by the UNCTAD secretariat	4
TD/B/C.5/127	Provisional agenda and annotations to the provisional agenda	2
TD/B/C.5/128	Technical co-operation in connection with the generalized system of preferences: report by the UNCTAD secretariat	5
TD/B/C.5/129	Feasibility study for providing exporters and importers consolidated computerized information on the generalized system of preferences: study by the UNCTAD secretariat	7
TD/B/C.5/130	Comprehensive review of the generalized system of preferences, including its implementation, maintenance, improvement and utilization: report by the UNCTAD secretariat	3
TD/B/C.5/131	Report of the Bureau on credentials	7
TD/B/C.5/L.69	Draft resolution submitted by India on behalf of the States members of the Group of 77	3, 4, 5 and 7
TD/B/C.5/L.70 and Add.1-3	Draft report of the Special Committee on Preferences on its seventeenth session	8
TD/B/C.5/L.71	Draft resolution submitted by the Chairman	3, 4, 5 and 7
TD/B/C.5/L.72	Provisional agenda for the eighteenth session of the Special Committee on Preferences	6
TD/B/C.5(XVII)/SC/L.1	Draft agreed conclusions submitted by the Chairman of the Sessional Committee	4
TD/B/C.5(XVII)/SC/L.2	Draft report of the Sessional Committee of the Special Committee on Preferences	4
TD/B/C.5(XVII)/Misc.2 and Add.1-2	Provisional list of participants	
TD/B/C.5/INF.17	List of participants	

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